



U.S. Department of Justice

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Eastern District of Pennsylvania

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For Immediate Release

May 5, 2009

BROOMALL MAN CHARGED IN MULTI-MILLION DOLLAR PONZI SCHEME

PHILADELPHIA - United States Attorney Laurie Magid today announced the filing of an information¹ against Joseph S. Forte, charging him with wire fraud, mail fraud, bank fraud, and money laundering. The information alleges that, for 13 years, Forte employed a "Ponzi" scheme to defraud investors of more than \$20 million. A "Ponzi" scheme involves false claims of large returns on investments with early investors in the scheme being paid with funds obtained from later investors, causing the fraud to grow undetected.

According to the information, between 1996 and 2008, the defendant collected investment money from nearly 80 individuals using a fraudulent scheme in which the defendant falsely claimed that he was profitably trading in S&P 500 stock index futures contracts through a partnership named Joseph Forte, LP. The defendant used his Ponzi scheme to collect roughly \$80 million from investors, paying some investors "returns" on their investments by using money contributed by other investors.

The information further alleges that Forte consistently claimed that his trades were profitable, reporting fabricated investment returns between 18 and 38 percent when, in fact, Forte consistently lost money on his trades. Despite the partnership's actual losses, Forte was able to continue raising money from new investors by falsely reporting high rates of return. Forte employed a two-step process for misleading his investors. On a quarterly basis, he sent email messages to an accountant containing false representations about Forte's trading activity, the status of the investors' investments, and the worth of the partnership. At Forte's instructions, the accountant then sent the investors, by mail, quarterly investment statements that were created based on Forte's misrepresentations.

The information further alleges that Forte paid himself millions of dollars in salaries and fees and used his profits to make numerous financial transactions. For example, the defendant purchased a second home, located in Sea Isle City, New Jersey, and made several donations to

¹An Information is an accusation. A defendant is presumed innocent unless and until proven guilty.

local schools. Forte also allegedly induced Commerce Bank to loan him nearly \$500,000 by misrepresenting the value of Joseph Forte, LP.

“While paying himself millions of dollars, this defendant created scores of victims – the innocent investors, the unsuspecting financial institutions, and the unwitting recipients of stolen money that he laundered,” Magid said. “Our office will continue to aggressively prosecute criminals like this whose fraud and deceit devastate so many lives.”

“The US Postal Inspection Service is committed to protecting the public’s full confidence in the mail. Postal Inspectors are intent on preserving the integrity of the US mail through vigorous law enforcement, public education, and crime prevention efforts,” said United States Postal Inspector-in-Charge Teresa Thome, of the Philadelphia office.

“The FBI views these types of financial investment frauds as significant problems, because of the devastating effect they have not only on the individual victims who are preyed upon but also the effect they have on the overall economy,” said Special Agent-in-Charge of the Philadelphia Division of the FBI, Janice K. Fedarcyk.

INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE OR YEAR OF BIRTH
Joseph S. Forte	Broomall, PA	54

If convicted, the defendant faces a maximum possible sentence of 80 years in prison, a \$1.75 million fine, five years of supervised release, a \$400 special assessment, full restitution to all victims of his alleged crimes, and forfeiture of the proceeds of his alleged crimes.

The case was investigated by the United States Postal Inspection Service, the Federal Bureau of Investigation, the Delaware County District Attorney’s Office, the Securities and Exchange Commission, and the Commodities Futures Trading Commission and is being prosecuted by Assistant United States Attorney Joseph J. Khan.

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